

Opening Statement of
Chairman Paul Gosar
Wednesday, July, 12, 2017 at 10:00 a.m.
1324 Longworth House Office Building
Before the Energy and Mineral Resources Subcommittee
Oversight Hearing on:

*“Evaluating Federal Offshore Oil and Gas
Development on the Outer Continental Shelf.”*

Today the Subcommittee will discuss federal offshore oil and gas development on the Outer Continental Shelf, or “OCS.” America’s offshore industry produces 20% of our nation’s domestic oil supply from the OCS, and directly employs 300,000 Americans. In turn, this industry supports hundreds of thousands of additional jobs through associated industries, and serves as an important facet of coastal life.

Furthermore, it is an economic boon for those states fortunate enough to enjoy offshore production. Through lease bonuses, rental payments, and production royalties, states, their coastlines, and the federal government are provided with billions of dollars each year. In fact, Federal leasing revenues for 2016

totaled \$2.8 billion, with portions going to states and coastal communities. These shared revenues are used to fund schools, coastal restoration, and infrastructure projects throughout each receiving state, fortifying their economies and providing jobs across the Gulf Coast.

However, this revenue source has fallen dramatically over the past eight years due to the prior Administration's hostile position towards harnessing our offshore energy potential. In fact, at \$18 billion in 2008, the share brought in to federal coffers from off-shore revenues was more than *six times higher* than it was in 2016 at the end of the Obama Administration.

The new Administration's "America First" initiative seeks to reverse the prior Administration's stunted approach to domestic energy production by requiring our government to carefully review and reconsider all of our nation's energy resources, including coal, oil and gas, as well as renewable

sources. The review of our offshore resources is being conducted by the Bureau of Ocean Energy Management, or BOEM, and the Bureau of Safety and Environmental Enforcement, or BSEE, who together administer over 1.7 billion acres of federal submerged lands and over 3,000 active leases. It is the duty of these agencies to ensure the exploration, leasing, and development of offshore hydrocarbon resources are promoted in fulfillment of the President's energy initiative.

To determine the location and schedule of federal offshore lease sales, BOEM develops a five year leasing plan that considers geologic data, public input, and environmental impacts to determine the area and timing of offshore leasing. The basis for planning requires an accounting of what we actually have to work with. In recent years, the advent of 3D seismic surveying and data processing has provided a more dynamic and accurate picture of geologic formations that allows

policymakers, the public, scientists, and industry make informed and safe decisions about leasing and drilling. However, much of our nation's offshore resources have not been evaluated in over 30 years, inhibiting our regulators ability to make informed leasing decisions.

In order to accurately manage our energy inventory, meet future demand, and ensure national security, it is imperative that we facilitate the seismic surveying permitting process in these offshore areas, including the Atlantic and Pacific Oceans. Our leasing and drilling decisions should be determined by geology, not shifting partisan politics, and I applaud Secretary Zinke's efforts to improve the seismic permitting process and re-evaluate the OCS leasing schedule by requiring the issuance of a new five year plan that will take effect in 2019.

The new program will allow for full consideration of OCS production in Alaska, the Mid and South Atlantic, and the Gulf

of Mexico. Communities and states along the Atlantic coast in particular have long expressed interest in evaluating and potentially developing offshore energy resources, and will have a voice in the leasing process. With 94% of the OCS precluded from responsible development under the previous plan, the new planning process will give previously excluded communities an opportunity to join the leasing conversation.

According to a recent study, offshore leasing in the Atlantic, Pacific, and Eastern Gulf of Mexico would result in the creation of 800,000 new jobs and \$200 billion in state and federal revenues by 2035. Furthermore, enhanced domestic production would improve our national security position by decreasing our country's reliance on foreign sources of petroleum. For instance, in 2016, decreased production in Alaska forced California to meet its energy demand by

importing over half its crude supply from foreign sources, such as Saudi Arabia.

We are grateful for the opportunity to re-evaluate the management of our nation's offshore resources, and look forward to a strong, respectful conversation on these issues.